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MOSCOW'S EAST EUROPE ENERGY POLICY

ANNCR:

FROM OFFICIAL PRONOUNCEMENTS AND PRESS REPORTS ALL OVER EASTERN EUROPE A PICTURE IS DEVELOPING OF MAJOR CHANGES IN MOSCOW'S ENERGY POLICY TOWARD ITS PARTNERS IN THE COUNCIL FOR MUTUAL ECONOMIC ASSISTANCE (CEMA) OR COMECON, AS IT IS CALLED IN THE WEST. VOA NEWS ANALYST JOHN ALBERT HAS THESE OBSERVATIONS:

VOICE:

IT IS QUITE CLEAR THAT FOR MANY YEARS TO COME THE SOVIET UNION WILL REMAIN THE MAJOR SUPPLIER OF OIL FOR EAST EUROPE'S ECONOMIC DEVELOPMENT. HOWEVER, IT IS EQUALLY CLEAR THAT MOSCOW IS NEITHER ABLE NOR WILLING TO SUPPLY ALL THE OIL THESE COUNTRIES WILL NEED. FURTHERMORE, THE TIMES ARE GONE WHEN OIL WAS AVAILABLE TO EASTERN EUROPE AT COSTS FAR BELOW WORLD MARKET PRICES AND, OFTEN COULD BE PURCHASED THROUGH BARTER AGREEMENTS FOR INDUSTRIAL GOODS THAT COULD NOT EASILY BE SOLD IN WESTERN MARKETS.

WHAT HAS BECOME KNOWN ABOUT AGREEMENTS FOR DELIVERY OF SOVIET OIL DURING 1976 SUGGESTS THAT PRICE INCREASES OF MORE THAN 130 PERCENT WILL BRING THE COST UP TO ABOUT TWO-THIRDS OF THE WORLD MARKET PRICE. IT MAY BE THAT THE SOVIET LEADERSHIP ENVISAGES AN APPROCAH TO FULL PARITY WITH WORLD MARKET PRICES, BUT -- MAINLY FOR POLITICAL REASONS -- THIS DEVELOPMENT IS STILL IN THE FUTURE. THE EAST EUROPEAN COUNTRIES MUST HAVE OIL FOR THEIR ECONOMIC GROWTH, BUT IF OIL PRICES WERE TO RISE TOO STEEPLY NOW, THE RESULT WOULD BE SHARP INCREASES IN MANY DOMESTIC PRICES. THAT, IN TURN, WOULD MEAN NOT ONLY SLOWER ECONOMIC DEVELOPMENT, BUT ALSO LOWERED LIVING STANDARDS WHICH

COULD HAVE AN EFFECT ON POLITICAL STABILITY. SOMETIMES MOSCOW DEMANDS PAYMENT IN HARD CURRENCY FOR EXTRA DELIVERIES OF OIL, AND THAT, TOO, WORKS A HARDSHIP ON THE EAST EUROPEAN GOVERNMENTS.

HOWEVER, BECAUSE OF THE VAST COSTS OF THE SOVIET UNION'S DEVELOPMENT OF ITS RESOURCES, MOSCOW INSISTS THAT ITS EAST EUROPEAN PARTNERS SHARE IN THESE ENTERPRISES THROUGH GREATER MANPOWER CONTRIBUTIONS AND INVESTMENT. MOST OF THE ENERGY PROJECTS ARE ON SOVIET TERRITORY . OIL AND GAS PIPELINES ARE BEING EXPANDED UNDER A SERIES OF BILATERAL AND MULTILATERAL AGREEMENTS. THE MOST FAR-REACHING PROJECT INVOLVES POOLING THE RESOURCES OF SEVEN COUNTRIES IN CONSTRUCTING A MAJOR GAS PIPELINE FROM THE SOUTHERN URALS AT ORENBURG TO THE CZECHOSLOVAK BORDER.

EASTERN EUROPE ALSO IS INTEGRATED INTO MOSCOW'S DEVELOPMENT OF ELECTRIC ENERGY. THE CEMA POWER GRID, FORMED IN 1963, IS BEING EXTENDED TO THE UKRAINE AS A JOINT CEMA PROJECT. OTHER INTERNATIONAL POWER LINES ARE BEING PLANNED.

IN SHORT, MOSCOW'S ENERGY POLICY -- WHILE STILL ADVANTAGEOUS TO EASTERN EUROPE -- IS BEING USED MORE AND MORE TO INTEGRATE THOSE COUNTRIES INTO THE ECONOMIC DEVELOPMENT OF THE SOVIET UNION. AND THE CEMA PARTNERS FIND THEY MUST PAY A HIGHER AND HIGHER PRICE -- BOTH IN TERMS OF MONEY AND IN ECONOMIC PARTICIPATION.

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